

# FEDERAL GRAIN, LIMITED

## *Thirteenth Annual Report of the Directors*

YEAR ENDED 31st JULY, 1942

### TO THE SHAREHOLDERS:

Your Directors present herewith Financial Statements for the year ended 31st July, 1942, including the Balance Sheet, certified by your Auditors, Messrs. George A. Touche & Company.

The Company's operations, as shown in the Statement of Income and Expenditure, resulted in a net profit of \$267,157.87, after meeting all expenses, depreciation and bond interest. A reserve of \$150,000.00 has been provided from the year's profits to meet Income and Excess Profits Taxes, which, added to the amount already at credit, brings the reserve to the estimated present liability. The Net Profit has been transferred to the credit of Earned Surplus Account.

Working Capital shows a substantial increase of \$611,045.90 compared with the previous year. The amount added to depreciation reserve includes the balance of the cost of the temporary storage facilities erected in the country, and half the cost of our temporary terminal storage built at Fort William last year.

As was anticipated in the last Annual Report, the volume of grain handled at country elevators during the year under review was greatly reduced, and amounted to little more than half the handling of the preceding year. This was due largely to reduced yields per acre of all grains and the Government policy of encouraging reduction in wheat acreage. However, the amount of grain held in storage in the Company's elevators was greater and the Company's terminal elevators experienced a satisfactory year.

Bank Loans of \$5,852,451.05 continue large owing to the heavy stocks of grain carried in the Company's elevators and annexes.

First Mortgage Bonds of the par value of \$170,000.00 were redeemed during the year in accordance with Sinking Fund provisions, bringing the total redemption of bonds to \$1,632,000.00.

Western Canada was favored with ideal conditions throughout the growing season, and as a result will produce this year a record crop. However, owing to Government restrictions on the marketing of wheat, shortage of available freight cars and storage space, our handling in the current year will not reflect the large volume of grain produced.

Under the new contract with The Canadian Wheat Board, your company in conjunction with all other companies has reduced grain handling charges, by which the farmer will benefit materially. Storage rates have also been further reduced and will result in a substantial saving to the Canadian Government. Elevator Companies have reduced storage rates 40% since August 1, 1940.

Three Preferred dividends of \$2.00 per share each, totalling \$180,000.00, were paid to shareholders. A further payment of \$2.00 per share will be made November 2, 1942, and future payments will be made as conditions warrant.

Your Directors desire to express appreciation of the efficient services and devotion to duty of employees. All are investing in War Savings Certificates and Victory Bonds. Many more members of the staff have joined the Canadian Forces, thus throwing a heavier burden on those remaining.

All your Directors retire at the ensuing Annual General Meeting and are eligible for re-election.

On behalf of the Board of Directors,

H. E. SELLERS,  
President.

PURVIS HALL  
LIBRARIES

WINNIPEG, MANITOBA, 30th September, 1942.

MCGILL UNIVERSITY

# FEDERAL GRAIN

## BALANCE SHEET

### ASSETS

#### CURRENT ASSETS:

|                                                  |              |
|--------------------------------------------------|--------------|
| CASH at Banks, less outstanding Cheques.....     | \$ 18,972.50 |
| CASH in transit and with Paying Agents, etc..... | 149,907.32   |

#### ACCOUNTS RECEIVABLE:

|                                             |                 |
|---------------------------------------------|-----------------|
| Wartime Salvage Limited—re Scrap Metal..... | \$ 34,244.56    |
| General Accounts .....                      | 48,339.68       |
| Agents' Cottage Loans .....                 | 5,644.43        |
| Employees' Accounts .....                   | 1,250.22        |
|                                             | <hr/> 89,478.89 |

|                                |            |
|--------------------------------|------------|
| ADVANCES SECURED BY GRAIN..... | 260,963.77 |
|--------------------------------|------------|

#### STOCKS ON HAND, AS CERTIFIED BY RESPONSIBLE OFFICIALS:

|                                                                                                                     |                    |
|---------------------------------------------------------------------------------------------------------------------|--------------------|
| Wheat purchased for account of The Canadian Wheat Board: valued on the basis of Board prices less freight, etc..... | \$3,187,953.57     |
| Grain, less stored grain: valued on the basis of market quotations of 31st July, 1942, less freight, etc.....       | 5,031,373.87       |
| Coal, Sacks, Feed Grain and Seed: valued at the lower of cost or market .....                                       | 84,918.59          |
|                                                                                                                     | <hr/> 8,304,246.03 |

|                        |            |
|------------------------|------------|
| ACCRUED EARNINGS ..... | 235,043.08 |
|------------------------|------------|

|                        |           |
|------------------------|-----------|
| PREPAID EXPENSES ..... | 27,099.69 |
|------------------------|-----------|

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\$ 9,085,711.28

|                                                                    |            |
|--------------------------------------------------------------------|------------|
| MORTGAGE RECEIVABLE, arising out of sale of terminal elevator..... | 272,139.29 |
|--------------------------------------------------------------------|------------|

|                                                                      |           |
|----------------------------------------------------------------------|-----------|
| INVESTMENTS in Marketable Securities (Market Value \$14,797.00)..... | 26,466.55 |
|----------------------------------------------------------------------|-----------|

|                                                                                             |           |
|---------------------------------------------------------------------------------------------|-----------|
| BONDS OF THE COMPANY purchased in anticipation of Sinking Fund<br>Par \$81,500.00—cost..... | 83,233.75 |
|---------------------------------------------------------------------------------------------|-----------|

|                                                                   |            |
|-------------------------------------------------------------------|------------|
| MEMBERSHIPS AND SHARES in Grain Trade Organizations, at cost..... | 134,360.78 |
|-------------------------------------------------------------------|------------|

#### PROPERTIES:

|                                                                                                                                                       |                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|
| Terminal and Country Elevators, Temporary Bins, Coal Sheds, Dwellings, Flour Sheds, Automobiles, Furniture and Miscellaneous Equipment, at cost ..... | \$8,833,576.93              |
| Less Reserve for Depreciation .....                                                                                                                   | 3,492,483.96 \$5,341,092.97 |
| Distress Storage Bins, Ft. William—less amount written off.....                                                                                       | 177,296.73                  |
|                                                                                                                                                       | <hr/> 5,518,389.70          |

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\$15,120,301.35

AUDITORS

To the Shareholders,

Federal Grain, Limited, Winnipeg.

We have examined the foregoing Balance Sheet of Federal Grain, Limited with the books and vouchers.

We further report that in our opinion the Balance Sheet is properly drawn up so as to exhibit a true and correct statement of the assets and liabilities of the Company, and the explanations given to us, and as shown by the books of the Company.

Winnipeg, 29th September, 1942.



# AIN, LIMITED

STATEMENT I

AT 31st JULY, 1942

## LIABILITIES AND CAPITAL

### CURRENT LIABILITIES:

|                                                                                                                               |                        |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Bank Loans (secured).....                                                                                                     | \$ 5,852,451.05        |
| Sundry Creditors .....                                                                                                        | 1,328,631.10           |
| Accrued Taxes, including provision for Income Tax and Excess<br>Profits Tax on profit for the year ended 31st July, 1942..... | 233,750.47             |
|                                                                                                                               | <u>\$ 7,414,832.62</u> |

### FIRST MORTGAGE SINKING FUND GOLD BONDS:

|                                                     |                     |  |
|-----------------------------------------------------|---------------------|--|
| Authorized .....                                    | \$6,000,000.00      |  |
| Issued, Series A 6%, maturing 1st August, 1949..... | \$4,250,000.00      |  |
| Less Redeemed through Sinking Fund.....             | 1,632,000.00        |  |
|                                                     | <u>2,618,000.00</u> |  |

### BOND REDEMPTION RESERVE:

130,515.71

### CAPITAL:

#### Authorized—

40,000 6½% Cumulative Preference Shares of \$100.00 each,  
redeemable at the option of the Company

160,000 Class A Common Shares of No Par Value.....

40,000 Class B Common Shares of No Par Value.....

#### Issued and fully paid—

30,000 Preference Shares ..... \$3,000,000.00

200,000 Common Shares

Amount apportioned as Capital..... 1,250,000.00

4,250,000.00

### DISTRIBUTABLE SURPLUS:

Balance at 31st July, 1941 — unchanged.....\$ 295,065.77

### EARNED SURPLUS:

Balance at 31st July, 1941.....\$324,729.38

Deduct Preference Dividends paid..... 180,000.00

\$144,729.38

Add Profit for the year ended 31st July, 1942—

per Statement II .....\$267,157.87 411,887.25

706,953.02

Cumulative Preference Dividends are in arrear fractionally for the year  
1932, and for all subsequent periods.

Approved on behalf of the Board,

T. H. RATHJEN, *Director.*

H. E. SELLERS, *Director.*

\$15,120,301.35

### REPORT

ers relating thereto, and we report that we have obtained all the information and explanations we have required.  
e and correct view of the state of the Company's affairs at 31st July, 1942, according to the best of our infor-

GEORGE A. TOUCHE & CO.,  
*Chartered Accountants,*  
*Auditors.*

# Federal Grain, Limited

## STATEMENT OF INCOME AND EXPENDITURE

For the Year Ended 31st July, 1942

|                                                                                                                                                                                                                                                                                                                                                                  |                     |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|
| Income from the Company's operations after meeting all expenses including Depreciation \$455,655.91, balance of cost of Temporary Country Storage Bins written off \$208,507.15, amount written off Distress Storage Bins, Ft. William \$177,296.72 and Executive Salaries and Legal Fees \$56,691.80, but before taking into account the items shown below..... | \$564,758.94        |
| Income from Investments.....                                                                                                                                                                                                                                                                                                                                     | 23,043.70           |
|                                                                                                                                                                                                                                                                                                                                                                  | <u>\$587,802.64</u> |
| Less: Bond Interest .....                                                                                                                                                                                                                                                                                                                                        | \$154,448.58        |
| Bond Interest Premiums.....                                                                                                                                                                                                                                                                                                                                      | 16,362.72           |
| Directors' Fees .....                                                                                                                                                                                                                                                                                                                                            | 2,400.00            |
|                                                                                                                                                                                                                                                                                                                                                                  | <u>173,211.30</u>   |
| Operating Profit, before providing for Income Tax and Excess Profits Tax.....                                                                                                                                                                                                                                                                                    | \$414,591.34        |
| Less: Income Tax and Excess Profits Tax — amount required to increase balance of provision to estimated liability.....                                                                                                                                                                                                                                           | 150,000.00          |
|                                                                                                                                                                                                                                                                                                                                                                  | <u>\$264,591.34</u> |
| Add: Surplus on fire loss adjustment, etc. (net).....                                                                                                                                                                                                                                                                                                            | 2,566.53            |
| Net profit for the year ended 31st July, 1942.....                                                                                                                                                                                                                                                                                                               | <u>\$267,157.87</u> |

### DIRECTORS

H. E. SELLERS, *President and Managing Director.*

A. THOMSON, *Vice-President.*

T. H. RATHJEN, *Treasurer.*

H. J. SYMINGTON

A. H. WILLIAMSON

W. A. ANDERSON

J. R. MURRAY

F. E. TOPPER

V. W. TRYON

*Secretary:* R. C. GAGE

*Registrar*.....THE ROYAL TRUST COMPANY, Toronto, Montreal and Winnipeg.

*Transfer Agents*.....{ THE MONTREAL TRUST COMPANY, Toronto and Montreal;  
THE NORTHERN TRUSTS Co., Winnipeg.

*Auditors*.....GEORGE A. TOUCHE & Co.

*Solicitors*.....HUDSON, ORMOND, SPICE, SWIFT & McLEOD.